



ENVISION ARLINGTON FISCAL RESOURCES TASK GROUP
Meeting Minutes 7:30 PM 9/17/20

On Line via Zoom

ATTENDEES: Gordon Jamieson (Co-Chair), Jonathan Houghton, Brian Hasbrouck, Heather Remoff, Mike DeLisi, Pete Howard (Secretary)

1. Gordon read the Town's ground rules for this kind of meeting drafted to conform with the Governor's guidance. The attendees are listed above. There was no one from the general public.

2. Project Planning

Pete to find out the status of the Primer revisions that Jonathon prepared.

3. Town's Financial Plan

Gordon showed the current version of the plan provided by the Deputy Town Manager. This version has reduced estimates of State Aid compared to the version the FY21 budget was based on. It projects the need for an override in FY 2024. See Ref 2

4. Inspections & Assessment Review

Gordon described the material he received from the Assessors and the Inspections Dept. He has analyzed this material in hopes of better understanding how the Town determines New Growth. Ref 1.2 shows information he extracted from information provided by the Assessor & the Director of Inspections Byrne. To reduce the effect of year-to-year variations, he averaged 5 years. The 1st 3 lines convert the assessor's new growth to dollars and corrects for the portions attributed to condos & non-residential properties for a total of \$50.5m. The last line shows the permit fees according to Byrne adjusted by a factor of 1.25 to account for gaps in the records as suggested by Byrne. They total \$78.2m. Thus one might conclude that the assessors are not capturing \$27.7 of new growth (\$78.2- \$50.5). Some portion of the permit number, however, would not be new growth. (For example, a bathroom remodeling does not create something was not there before.) Brian stated that he thought the agreement was probably OK since there is a lot of small residential work done in Town.

Gordon will send the data base he got from the assessors to Jonathon who would like to try his hand at extracting some relevant data.

At the bottom of Ref 1.2 are Gordon observations from examining the Assessor's data base for all the properties in Town. Ref 1.3 shows the number of properties inspected over 20 years. Ref 1.4 shows the number of properties visited over the same 20 years and the result of each visit. A few property owners denied inspectors entrance, and if no one was home the inspectors left an info card. Gordon suggested (Ref 1.5) several changes the Town might make. Following Gordon's presentation there was an interesting discussion. The audience was not convinced that Gordon had learned anything about new growth but his data does suggest that the assessors miss property increase in value. Members commented that some of these suggestions would not be accepted by home owners. Mike asked what the Deputy Town Manager had learned about the 6 properties Mike had identified that seemed to have not been included in new growth. See January minutes.

Gordon will follow up w/ the Deputy Town Manager who had promised to explain Mike's cases.

The meeting adjourned at 9:00.

Next mtg October 15, 2020

Meetings monthly - 3rd Thursdays 7:30 PM - Usually in the Senior Center

Ref 1 Gordon's Presentation Material.

Ref 2 The Long Range Plan of May 2020

Observations**Building permits**

Using information kindly provided by Mr. Byrne and available on the Assessor web pages

Five year average building permit value

(Total minus town) x 1.25 (WEP)

Approx. \$80M/yr

New Growth

Five year average

Approx. \$90M/yr

\$1M Tax value

Q: Assuming that a majority of building permits are for work that does not qualify for new growth .. Why is permit dollar value less than new growth dollar value?

Inspections

Using information provided from a public record request with the kind assistance of Mr. Tierney and staff

89 percent of properties have been visited in the past five years (see graph)

Yet only 26% of properties have been inspected (see graph)

New Growth

Inspection of property cards reveals numerous situations where substantial work has been done without incremental change in value (new growth?) beyond simple inflationary increases

Discussion

Potential remedies

Changes in building permit process and policies

Changes in assessor inspection process and policies

See attached flow chart for possible remedies

				2016		2017		2018		2019		2020	
		\$		1,337,666	\$	1,070,144	\$	1,263,812	\$	981,206	\$	816,616	New Growth
Avg Tax Rate	12			12.8		12.56		12.13		11.26		11.06	Tax Rate
Avg Growth \$\$\$	\$	90,974,518	\$	104,505,156	\$	85,202,548	\$	104,188,953	\$	87,140,853	\$	73,835,081	Growth \$\$\$
Avg New Growth	\$	1,091,694											Tax New Growth
Minus Condo	\$	54,584,711		2016		2017		2018		2019		2020	
Minus Commercial	\$	50,490,858	\$	67,747,564	\$	55,747,564	\$	66,418,942	\$	71,536,282	\$	78,665,430	Total
			\$	4,999,059	\$	9,371,621	\$	3,148,681	\$	567,209	\$	9,193,372	Town
	VVV		\$	62,748,505	\$	46,375,843	\$	63,270,261	\$	70,969,073	\$	69,462,058	Net
Average	\$	78,206,435	\$	78,435,631	\$	57,969,804	\$	79,087,826	\$	88,711,341	\$	86,827,573	1.25X
	???												Permits

What percentage of permits is new growth eligible?

See above

What percentage of new growth is condo conversions?

98% of Condo growth

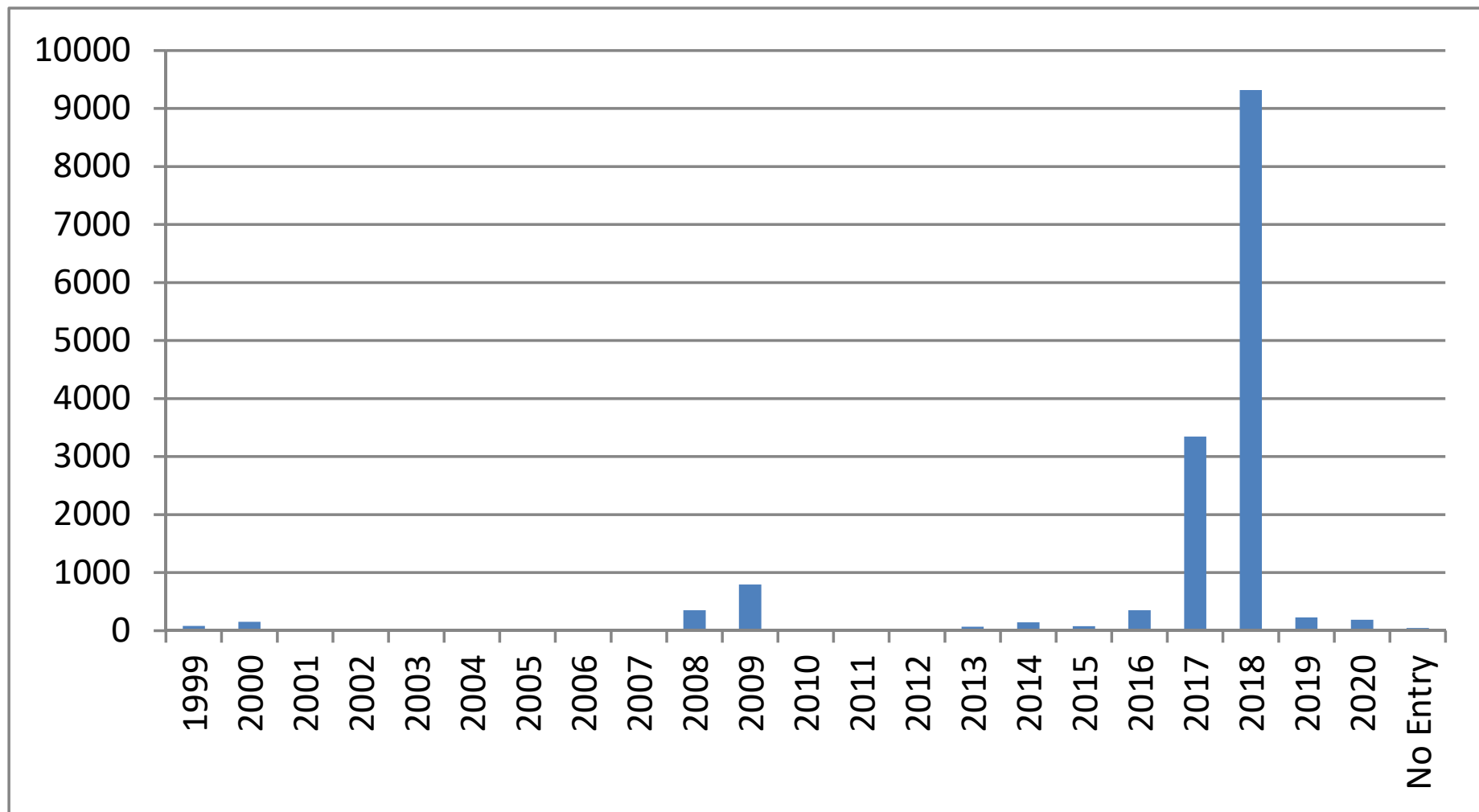
Inspections	26% Inspected (1999-2020)
Inspections	74% Not Inspected (1999-2020)
Inspections	11% not visited in past five years

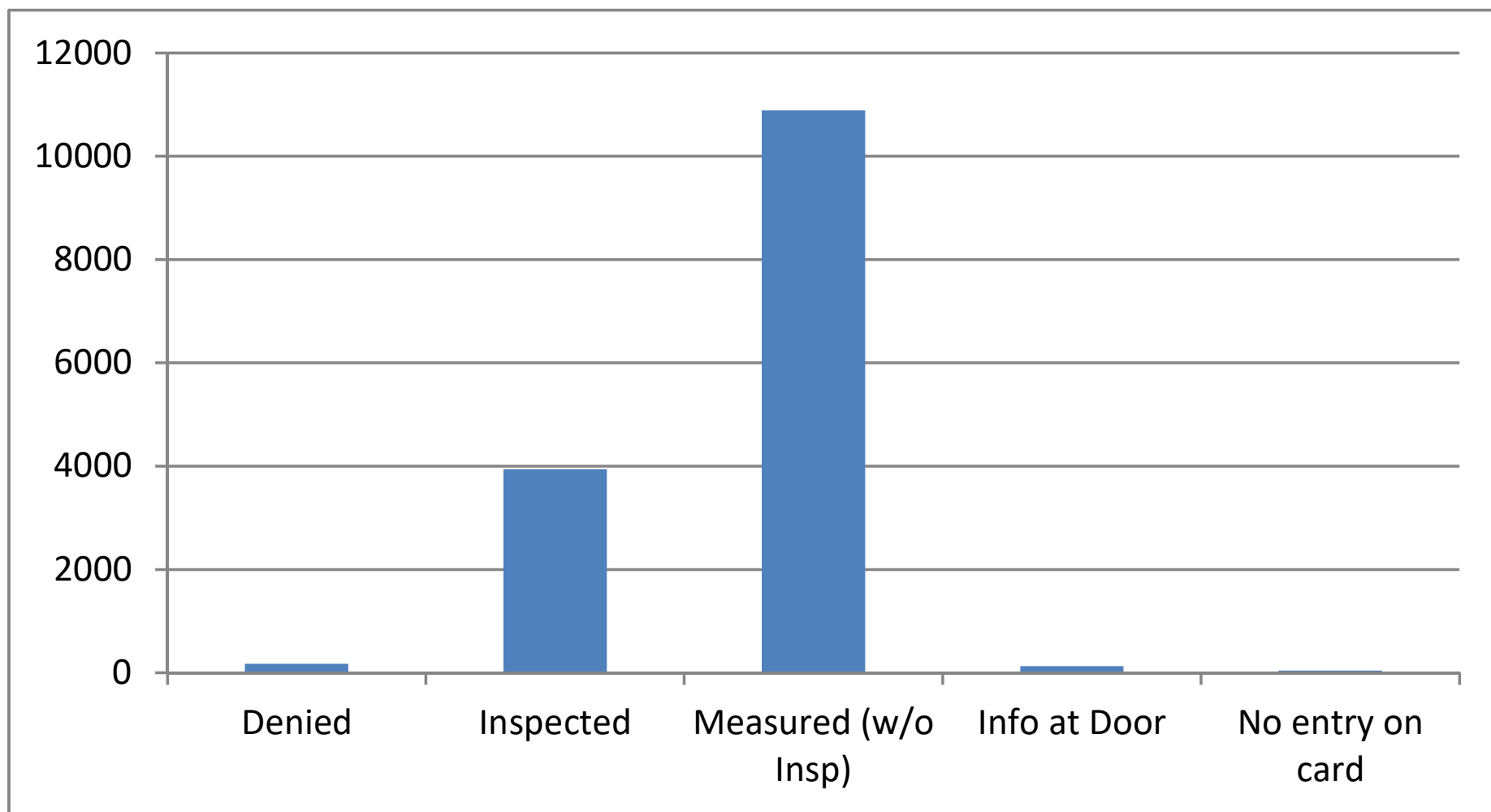
Questions

What are the deliverables for the Patriot Property inspection contract?

Potential fee/fine structure - Starting work without permit 3X .. Finished without permit 5X plus \$300 fine

Inspections verify the building permit work value .. If higher then penalty permit .. And refer to assessors





Permit	>>>	Inspection	>>>	Additional work identified	>>>	Secondary permit fees and penalty assessed (3X + \$300)
Assessor visit	>>>	Inspection	>>>	Additional work identified	>>>	Referral to Inspections - Penalty permit fees (5X) and penalty issued (\$500)
Assessor visit	>>>	Visit/Notice	>>>	No response to notice and mailer	>>>	Secondary notice (plus \$50 fee) - Waived upon inspection
			>>>	No response to secondary notice and mailer	>>>	Denial assumed - \$300 denial fee assessed - Waived upon inspection

Long Range Financial Projection 15% State Aid Cut

Long Range Planning Committee

May 22, 2020

I REVENUE

	FY2020 RECAP	FY 2021	Dollar Change	Percent Change	FY 2022	Dollar Change	Percent Change	FY 2023	Dollar Change	Percent Change	FY 2024	Dollar Change	Percent Change
A. State Aid	22,481,187	23,040,417	559,230	2.49%	23,266,638	226,221	0.98%	23,495,121	228,483	0.98%	23,725,889	230,768	0.98%
School Construction Aid	476,523	476,523	0	0.00%	0	(476,523)	-100.00%	0	0		0	0	
B. Local Receipts	9,871,000	9,871,000	0	0.00%	9,871,000	0	0.00%	9,871,000	0	0.00%	9,871,000	0	0.00%
C. Free Cash	5,559,782	5,901,388	341,606	6.14%	3,839,266	(2,062,122)	-34.94%	3,839,266	0	0.00%	3,839,266	0	0.00%
D. Overlay Reserve Surplus	200,000	400,000	200,000	100.00%	400,000	0	0.00%	400,000	0	0.00%	400,000	0	0.00%
E. Property Tax	133,350,155	138,039,612	4,689,457	3.52%	139,777,071	1,737,459	1.26%	141,637,076	1,860,005	1.33%	145,392,242	3,755,166	2.65%
F. Override Stabilization Fund	0	2,024,197	2,024,197		7,286,380	5,262,183	259.96%	12,022,999	4,736,619	65.01%	6,956,592	(5,066,407)	-42.14%

TOTAL REVENUES

II APPROPRIATIONS

A. School Additions	600,000	140,000			800,000			800,000					
General Education Costs	46,381,443	50,183,324	3,801,881	8.20%	52,809,670	2,626,346	5.23%	56,618,868	3,809,198	7.21%	60,372,578	3,753,710	6.63%
Special Education Costs	22,940,836	24,546,695	1,605,859	7.00%	26,264,964	1,718,269	7.00%	28,103,511	1,838,547	7.00%	30,070,757	1,967,246	7.00%
Growth Factor	1,504,860	700,512	(804,348)	-53.45%	1,094,550	394,038	56.25%	912,125	(182,425)	-16.67%	598,354	(313,771)	-34.40%
Net School Budget	71,427,139	75,570,531	4,143,392	5.80%	80,969,184	5,398,653	7.14%	86,434,504	5,465,320	6.75%	91,041,689	4,607,185	5.33%
Minuteman Operating & Capital	4,271,730	4,834,357	562,627	13.17%	5,003,559	169,202	3.50%	5,178,684	175,125	3.50%	5,359,938	181,254	3.50%
Minuteman Exempt Capital	1,112,960	1,279,014	166,054	14.92%	1,279,014	0	0.00%	1,279,014	0	0.00%	1,279,014	0	0.00%
Town Personnel Services	28,552,372	29,203,669	651,297	2.28%	30,152,788	949,119	3.25%	31,132,754	979,966	3.25%	32,144,569	1,011,815	3.25%
Town Expenses	11,165,682	11,312,375	146,693	1.31%	11,680,027	367,652	3.25%	12,059,628	379,601	3.25%	12,451,566	391,938	3.25%
Enterprise Fund/Other	2,580,233	2,642,197	61,964	2.40%	2,728,068	85,871	3.25%	2,816,730	88,662	3.25%	2,908,274	91,544	3.25%
Net Town Budget	37,137,821	37,873,847	736,026	1.98%	39,104,747	1,230,900	3.25%	40,375,652	1,270,905	3.25%	41,687,861	1,312,209	3.25%
MWRA Debt Shift	5,593,112	3,691,454	(1,901,658)	-34.00%	1,845,727	(1,845,727)	-50.00%	0	(1,845,727)	-100.00%	0	0	
B. Capital budget													
Exempt Debt Service	4,321,873	6,968,910	2,647,037	61.25%	6,311,154	(657,756)	-9.44%	6,208,357	(102,797)	-1.63%	6,109,780	(98,577)	-1.59%
Non-Exempt Service	6,512,083	6,573,279	61,196	0.94%	7,433,825	860,546	13.09%	7,442,967	9,142	0.12%	7,254,760	(188,207)	-2.53%
Cash	4,320,995	4,329,512	8,517	0.20%	3,254,837	(1,074,675)	-24.82%	3,007,689	(247,148)	-7.59%	3,502,859	495,170	16.46%
Offsets/Capital Carry Forward	(1,958,907)	(1,591,567)	367,340	-18.75%	(1,299,345)	292,222	-18.36%	(494,881)	804,464	-61.91%	(461,111)	33,770	-6.82%
Total Capital	13,196,044	16,280,134	3,084,090	23.37%	15,700,471	(579,663)	-3.56%	16,164,132	463,661	2.95%	16,406,288	242,156	1.50%
C. Pensions	11,355,946	11,921,239	565,293	4.98%	12,636,513	715,274	6.00%	13,394,704	758,191	6.00%	14,198,386	803,682	6.00%
D. Insurance	17,891,836	18,858,788	966,952	5.40%	20,070,999	1,212,211	6.43%	21,315,728	1,244,729	6.20%	22,564,093	1,248,365	5.86%
E. State Assessments	3,470,201	3,501,981	31,780	0.92%	3,588,264	86,283	2.46%	3,676,704	88,440	2.46%	3,767,355	90,651	2.47%
F. Overlay Reserve	503,383	600,000	96,617	19.19%	800,000	200,000	33.33%	600,000	(200,000)	-25.00%	600,000	0	0.00%
G. Reserve Fund	1,604,584	1,556,724	(47,860)	-2.98%	1,708,428	151,704	9.75%	1,730,341	21,913	1.28%	1,771,186	40,845	2.36%
H. Court Judgments/Symmes	1,012,514	771,950	(240,564)	-23.76%	767,450	(4,500)	-0.58%	100,000	(667,450)	-86.97%	100,000	0	0.00%
I. Warrant Articles	1,186,867	1,015,999	(170,868)	-14.40%	965,999	(50,000)	-4.92%	1,015,999	50,000	5.18%	965,999	(50,000)	-4.92%
J. Override Stabilization Fund	2,174,510	1,997,119	(177,391)	-8.16%									
K. TOTAL APPROPRIATIONS	171,938,647	179,753,137	7,814,490	4.54%	184,440,355	4,687,218	2.61%	191,265,462	6,825,107	3.70%	199,741,809	8,476,347	4.43%
L. BALANCE	0	0			0			0			(9,556,820)		
Free Cash	11,802,775	7,678,532			7,678,532			7,678,532			7,678,532		
Stabilization Fund	3,656,207	3,765,893			3,878,870			3,995,236			4,115,093		
Override Stabilization Fund***	26,293,049	26,265,971			18,979,591			6,956,592			0		
Municipal Bldg. Ins. Trust Fund	729,830	751,724			774,276			797,504			821,430		
TOTAL:	42,481,860	38,462,120			31,311,269			19,427,864			12,615,054		